



NEWS RELEASE

**STATE BOARD
OF EQUALIZATION**

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FOR IMMEDIATE RELEASE

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BOARD OF EQUALIZATION'S BUDGET ITEMS OUTLINED IN GOVERNOR'S BUDGET

Bill Leonard, Member of the California State Board of Equalization (BOE) announced today that the 2005-06 Governor's Budget proposes total BOE expenditures of \$365 million, allowing the Board to continue to efficiently work to bring in nearly one-third of the State's revenue.

According to Board Member Leonard, the BOE administers 24 tax and fee programs, including sales and use tax and the motor vehicle fuel tax. It acts as the appellate body for franchise and personal income tax appeals, and also plays a significant role in the assessment and administration of property tax.

"BOE collects nearly \$42 billion annually in taxes and fees, which represents approximately 33 percent of total State revenues," said Leonard.

In addition to the tax and fee programs currently administered by BOE, the following programs will be implemented or enhanced under the Governor's proposed budget:

Covered Electronic Waste Recycling Fee. An additional \$4.6 million in reimbursements in the current year and \$5.7 million in special funds in the budget year is proposed so that BOE can collect fees associated with the Covered Electronic Waste Recycling Act on behalf of the California Integrated Waste Management Board. Implemented January 1, 2005, the Electronic Waste Recycling fee is estimated to generate revenue of \$30 million for FY 2004-05 and \$66 million for FY 2005-06.

California Tire Fee Increase. The budget proposes to redirect \$200,000 in the current year, an additional \$224,000 in reimbursements in the budget year (FY 2005-06), and \$207,000 in budget year plus one for BOE to collect the increase in the California Tire Fee on behalf of the California Integrated Waste Management Board and the California Air Resources Board. As of January 1, 2005, the California tire fee increased from one dollar (\$1.00) to one dollar and seventy-five cents (\$1.75) per tire. The Tire Recycling Fee revenue will increase by an estimated \$12.7 million in FY 2004-05 and approximately \$24 million in FY 2005-06 and FY 2006-07, for an estimated benefit-to-cost ratio of 63.5 to 1 for FY 2004-05 and approximately 111 to 1 for FY 2005-06 and FY 2006-07.

Underground Storage Tank Maintenance Fee Increase. The budget proposes to add \$79,000 in special funds for BOE to implement and administer the increase in the California Underground Storage Tank Maintenance Fee. In FY 2003-04, the fee program generated revenue of \$211,573,537.54. Effective January 1, 2005, the Underground Storage Tank Maintenance Fee increased from \$0.012 to \$0.013 per gallon.

Ongoing Cigarette and Tobacco Products Taxes. \$850,000 in special funds is proposed to continue on a three-year, limited-term basis to address the ongoing administrative workload associated with Proposition 10, the California Children and Families First Act of 1998. In FY 2003-04, the program generated \$601,708,166.79 in revenue.

While the overall budget of the BOE has increased slightly, due to rising employee compensation costs, the actual number of positions within the Board has decreased.

The five-member California State Board of Equalization is a publicly elected tax commission, and is comprised of Betty T. Yee of San Francisco, Acting Member, First District; Bill Leonard of Sacramento/Ontario, Second District; Claude Parrish of Long Beach, Third District; and Chairman John Chiang of Los Angeles, Fourth District. State Controller Steve Westly also serves as a member of the Board.

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